

**MEETING NO. 3243
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, AUGUST 15, 2019**

9:00 A.M.
RETIREMENT SYSTEMS' CONFERENCE ROOM
ALLY DETROIT CENTER, 500 WOODWARD; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

Michael F. Berent	Elected Trustee/Fire
Matthew Gnatek	Elected Trustee/Police/ Chairperson
Angela R. James	Ex/Officio Retiree Trustee/Police/Mayoral Designee
Megan S. Moslimani	Ex/Officio Trustee/Corporation Counsel /Vice-Chairperson
Christa McLellan	Ex/Officio Trustee/Treasurer
John Naglick Jr.	Ex/Officio Trustee/Finance Director
George Orzech	Elected Retiree Trustee/Fire
Jeffrey Pegg	Elected Trustee/Fire
Dean Pincheck	Elected Trustee/Fire
John Serda	Elected Trustee/Police
Gregory Trozak	Elected Retiree Trustee/Police
Steven Watson	Ex/Officio Trustee/Director of Forecasting and Economic Analysis-Budget Department/Budget Director's Designee

TRUSTEES EXCUSED

Shawn Battle	Ex/Officio Trustee/Fire Prevention Chief/Mayoral Designee
Brenda Jones	Ex/Officio Trustee/City Council President
Portia Roberson	Ex/Officio Trustee/Mayoral Alternate

ALSO PRESENT

David Cetlinski	Executive Director
Kelly Tapper	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Ronald King	General Counsel
TaKneisha Johnson	Administrative Assistant IV
Bruce Babiarz	Public Relations Advisor

STAFF EXCUSED

Dr. Oscar King III	Board Lobbyist
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CHAIRPERSON

MATTHEW GNATEK

A verbal Roll Call commenced at 09:05 a.m. and Chairperson Gnatek called the meeting to order.

Present at Roll Call: Michael Berent, Christa Mclellan, George Orzech, Jeffrey Pegg, Dean Pincheck, John Serda and Gregory Trozak

Re: Approval of August 15, 2019 Agenda

Michael Berent moved to approve the agenda dated **Thursday August 15th, 2019**. Jeffrey Pegg supported. The motion passed unanimously.

Re: Approval of DROP Applications

Jeffrey Pegg moved to approve the **DROP applications** as listed below. Dean Pincheck supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Todd A. Bettison – Police Comm-PCOA - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	20 00 18 – 07 17 19

NAME, TITLE, DEPARTMENT	Linda K. Gilbert – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 00 25 – 07 09 19

NAME, TITLE, DEPARTMENT	Scott R. Herzog – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	18 00 07 – 08 01 19

NAME, TITLE, DEPARTMENT	Bettie Roberts - Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 11 25 – 07 06 19

NAME, TITLE, DEPARTMENT	Eric J. Scott - Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 00 28 – 07 02 19

Re: Approval of DROP Applications- Continued

NAME, TITLE, DEPARTMENT	Willie Smith, III - Police Sergeant - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	20 05 27 – 07 23 19

NAME, TITLE, DEPARTMENT	Detrich M. Spidell - Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 02 19 – 07 15 19

NAME, TITLE, DEPARTMENT	Melissa P. Thomas – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	14 11 25 – 07 23 19

NAME, TITLE, DEPARTMENT	Paytra C. Williams – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 00 28 – 06 15 19

Re: Approval of RETIREMENT Applications

Gregory Trozak moved to approve the **RETIREMENT applications** as listed below.
Jeffrey Pegg supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Lynn M. Carpenter – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	20 00 18 – 07 13 19

NAME, TITLE, DEPARTMENT	Thomas M. Cooper – Police Officer - Police
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	14 11 20 – 07 26 19

NAME, TITLE, DEPARTMENT	Laron H. Simmons - Police Officer - Police
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	15 00 00 – 07 19 19

Re: Approval of HYBRID Applications

Gregory Trozak moved to approve the **HYBRID applications** as listed below.
Jeffrey Pegg supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Todd A. Bettison – Deputy Chief of Police - Police
RETIREMENT TYPE-PLAN	Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE	05 00 00 – 07 17 19

RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts			Cash Account: HYBLIQUES			
Company: RSCD-PFRS			Start Date: 7/25/2019			
			End Date: 8/13/2019			
Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
7/26/2019	CA	Cash Entry	001444	Pre tax mandatory pension contributions 7-26-19	R/C	97,774.11
7/26/2019	GL			Post tax annuity contributions 7-26-19		7,689.25
8/2/2019	CA	Cash Entry	001454	Pre tax pension contributions 8-2-19	R/C	279,111.71
8/2/2019	GL			Post tax annuity contributions 8-2-19		7,607.85
						<u>392,182.92</u>
Cash Receipts			Cash Account: LIQUID RES			
Company: RSCD-PFRS			Start Date: 7/25/2019			
			End Date: 8/13/2019			
Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
7/30/2019	CA	Cash Entry	001449	Loan Deduction Program 7-26-19 (\$24,577.06)	R/C	24,577.06
8/7/2019	CA	Cash Entry	001456	Loan Program deductions 8-2-19(\$80,261.63)	R/C	80,261.63
						<u>104,838.69</u>
Total Receipts						<u><u>497,021.61</u></u>

Re: Approval of Disbursements

Jeffrey Pegg moved to approve the **Disbursement List** as outlined below.
Michael Berent supported. The motion passed unanimously.

Disbursement Report

Page: 1 of 2
Date: 8/13/2019 9:35 AM

Account	Payment Method	Currency	
LIQUID RES	WIRE	US	
Vendor Name	Invoice Number	Invoice Description	Amount To Pay
HL - Platinum Equity Capital Partners IV, LP	081919	Capital Call	42,558.00
HL - Platinum Equity Capital Partners IV, LP Int'l	081919	Capital Call	7,745.00
MESIROW FINANCIAL REAL ESTATE VALUE FUND	081319	Capital Call	1,326,988.91
ROARK CAPITAL PARTNERS V, L.P	080919	Capital Call	45,152.43
Bridgett Hardy	073119BH	IT Contractual Wages - July 2019	4,160.14
James R. Hollins	073119JH	IT Contractual Wages - July 2019	4,005.33
Raymond R. Tchou	073119RT	IT Contractual Wages - July 2019	6,572.21
Venkat Rallapalli / Highbrow Systems, Inc.	073119VR	IT Contractual Wages - July 2019	3,121.62
Cash Account/Payment Method Total:		8 Documents	1,440,303.64
HUNT VEND	ACH	US	
Vendor Name	Invoice Number	Invoice Description	Amount To Pay
500 WEBWARD LLC	83531	2018 CAM & Tax Reconciliation	7,253.18
500 WEBWARD LLC	83876	Cleaned Flange Fitting, New Seal, Reset Urinal	197.63
500 WEBWARD LLC	84339	July 2019 Rent	25,650.95
American Realty Advisors (ARA)	7151	Management Fees 2nd Qtr '19	26,000.00
CDW GOVERNMENT	THM5365	Computer Equipment	96.65
CDW GOVERNMENT	THM5372	Computer Equipment	48.33
Cogent Communications, Inc.	080119	Internet Service	1,023.00
CREATIVE BREAKTHROUGHS INC	INV2139	Software Maintenance	11,400.00
INCOME RESEARCH + MANAGEMENT INC.	29348	Management Fees 2nd Qtr '19	50,345.88
KLAUSNER & KAUFMAN	24278	Legal Services for July 2019	2,870.00
PLANTE & MORAN	1714334	Audit Prep Services (Consulting)	1,268.75
Premier Parking (fka Ultimate Parking)	187446	Parking - August 2019	2,332.00
RICOH	5057253807	Printer Maintenance	306.09
Cash Account/Payment Method Total:		13 Documents	128,792.46
HUNT VEND	CHECK	US	
Vendor Name	Invoice Number	Invoice Description	Amount To Pay
ALLEGRA	65761011	Office Supplies	278.50
AMERICAN ARBITRATION ASSOCIATION	12424085,87	AAA Trustee Election Services	8,173.10
CINTAS CORPORATION-300	4027562944	Floor Mats	130.65
COMCAST	071719	High Speed Internet	180.21
DIRECTV	36521551807	Service Charges 7/23/19-8/22/19	39.12
FEDEX	6-622-21539	FedEx Mailing	26.20
FEDEX	6-629-28356	FedEx Mailing	26.26
First CHOICE Coffee Services	631935	Coffee Supplies	138.74
First CHOICE Coffee Services	633208	Equipment Rental	30.00
INTERNAL REVENUE SERVICE	080919SD	IRS - Tax Levy-Seth R. Doyle III xxx-xx-0455 10/1/18-6/1/19	12,357.00
IRON MOUNTAIN	167054	Data Domain Service	1,386.11
IRON MOUNTAIN	201946385	Storage CDs	906.36
Iron Mountain Records Management	BWL383	Records Storage	1,915.75
KELLEY CAWTHORNE	10397	Lobbyist Services for August 2019	7,500.00
MICRO CENTER	8976072	Computer Equipment	79.49
NASDAQ CORPORATION SOLUTIONS, LLC	0719NOCS193929	Nasdaq Boardvantage - Implementation Fee Rebill	1,250.00
SHRED-IT USA	8127751899	Shredding Service Charges	99.45
WELLS FARGO VENDOR FINANCIAL SVCS, LLC	102414467	Ricoh Printer Maintenance	129.11
XEROX	097528406	Printer Maintenance	47.74
Cash Account/Payment Method Total:		19 Documents	34,693.79

* Payment amount is estimated based on the effective date 8/13/2019

Re: Approval of Refunds (Accumulated Contributions)

Jeffrey Pegg moved to approve the **Refunds/Accumulated Contributions** list as outlined below. John Serda supported. The motion passed unanimously.

LIST NUMBER 3800 - \$195,721.52

LIST NUMBER 3801 - \$340,361.47

Re: Approval of the Frozen Defined Contribution Plan/ Employee Loan Program

Jeffrey Pegg moved to approve the **Frozen Defined Contribution Plan/ Employee Loan Program** as outlined below. Michael Berent supported. The motion passed unanimously.

LIST #1 08/08/2019 – \$12,648.00

LIST #2 08/15/2019 – \$64,818.00

Re: Approval of Minutes/Journal of Proceedings No. 3241 – (07/18/2019)

Jeffrey Pegg moved to approve the **Minutes/Journal of Proceedings No. 3241 (07/18/2019)** Michael Berent supported. The motion passed unanimously.

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

Assistant Executive Director, **Kelly Tapper**, addressed the following with the Board of Trustees:

- The NASDAQ Board Portal has been loaded and e-mails will be sent to all Trustees within the week with respect to trainings on use of the Portal

EXECUTIVE DIRECTOR'S REPORT

Executive Director, **David Cetlinski**, had no formal report.

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer, **Ryan Bigelow**, had no formal report, but discussed the following matters with the Board:

- Market Update
- Investment Policy Statement (redline version)

- ***Trustee John Naglick entered the Boardroom at 9:10 a.m.***
- ***Trustee Megan Moslimani entered the Boardroom at 9:14 a.m.***

- Life Assurance Fund
 - Approve moving forward with the engagement of third party firms to assist with the monitoring of individuals in the Life Assurance Fund
- Audit update
- Real Estate RFP

Re: Engagement of Third Party Firm: Jeffrey Pegg moved to approve the engagement of a third party firm to monitor the individuals in the Life Assurance Fund consistent with the CIO Report with the final contract, following legal review, to come back before the Board for review before signed execution. Michael Berent supported. The motion passed unanimously.

PUBLIC COMMENT

At 9:34 a.m. Sean Gallagher of Gallagher Law came before the Board of Trustees to discuss the following:

Mr. Gallagher indicated that he had been retained as special counsel by the Investment Committee. He did not provide a written report but summarized what he described as the three Guiding Principles/paths set forth by the Investment Committee with respect to the compensation of Deputy Chief Investment Officer Kevin Kenneally

- The Investment Committee would like to retain Mr. Kenneally as a City of Detroit Employee at his current salary with the difference in compensation to be paid by the System

- ***Trustee Angela James entered the Boardroom at 9:39 a.m.***

- The Investment Committee will retain Mr. Kenneally as an Investment Committee employee.
- The Investment Committee will retain Mr. Kenneally as an Independent Contractor

- Trustee Pegg specifically asked whether Mr. Gallagher has furnished a legal opinion as to the legality of Mr. Kenneally as an independent contractor. Mr. Gallagher did not directly answer but suggested that such an opinion would be forthcoming.
- Chairperson Gnatek asked Mr. Gallagher to prepare a written correspondence for consideration by the Board and requested that Mr. Gallagher ask the Board to consider allowing him to appear as part of the agenda at a future Board meeting so that all Board members will have notice and an opportunity to participate in any discussion.

PUBLIC RELATIONS ADVISOR REPORT

Public Relations Advisor, **Bruce Babiarz**, discussed the following matters with the Board:

- Mr. Babiarz discussed the forwarded articles with respect to National Pension issues
- Mr. Babiarz has prepared the final draft of the news release with respect to the newly elected Board Chairperson, Matthew Gnatek and Incumbent Vice Chairperson, Megan Moslimani
- Environmental Geo-Technologies comment; will discuss in Closed Session
- Board of Trustees should revisit Public Comment time requirements

LOBBYIST'S REPORT

Lobbyist, **Dr. Oscar King III**, was not in attendance; his associate Mr. Homan had no items to report.

GENERAL COUNSEL'S REPORT

General Counsel, **Ronald King**, in addition to his legal report, discussed the following matters with the Board:

- Securities Litigation update

Re: Entering Into Closed Session

Resolution Moved By: Trustee Berent– Supported By: Trustee Pincheck

WHEREAS, the Retirement System is subject to the limitation of the Open Meetings Act (“OMA”) being MCL 15.261 et seq. and has adopted a resolution on October 24, 2012 relative thereto; **THEREFORE BE IT**

RESOLVED, that the Board enters into Closed Session for the purpose of discussing Attorney/Client privileged matters regarding the following:

- (1) to discuss pending litigation regarding Daniel J. Salkowski et al v City of Detroit, et al
- (2) to discuss litigation with respect to the Book Cadillac; Carpenter’s Pension Trust Fund-Detroit and Vicinity v Cadillac Funding Associates, LLC, et al
- (3) to discuss pending real estate transactions
- (4) for the furnishing of legal advice related to the compensation of Deputy-Chief Investment Officer.

A Roll Call Vote was taken as follows:

Yeas – Berent, James, Mclellan, Moslimani, Naglick, Orzech, Pegg, Pincheck, Serda, Trozak, Watson and Chairperson Gnatek – 12

Nays – None

The Board entered into **Closed Session** at 9:54 a.m.

- ***Trustee Christa Mclellan excused herself from the Boardroom at 9:55 a.m. and returned at 9:58 a.m.***

Re: Open Session

Jeffrey Pegg moved to come out of closed session. Michael Berent supported. The motion passed unanimously.

The Board returned to **Open Session** at 10:27 a.m.

- ***Gabriel, Roeder, Smith and Co. entered the Boardroom at 10:30 a.m.***
- ***Edward Hammond entered the Boardroom at 10:30 a.m.***

Re: Closed Session Recommendation/ EGT: Jeffrey Pegg moved to approve the recommendation of General Counsel as discussed in closed session with respect to Environmental Geo-Technologies. John Serda supported. The motion passed unanimously.

Presentation: DROP Discussion

Judith Kermans, Kenneth Alberts and Jamaal Adora of Gabriel Roeder Smith and Company discussed the Pros and Cons of an In-house DROP Program and the Pension/Funding Tool with the Board.

Re: Service Provider RFI John Serda moved to put out an RFI for service providers who could possibly give better interest rates. John Naglick supported. The motion passed unanimously.

- ***Trustee Moslimani excused herself from the Boardroom at 11:55 a.m.***
- ***Chairperson Gnatek excused himself from the Boardroom at 11:57 a.m.***
- ***Trustee Mclellan excused herself from the Boardroom for the day at 12:02 p.m.***
- ***Chairperson Gnatek and Trustee Moslimani returned to the Boardroom at 12:09 p.m.***
- ***Executive Director David Cetlinski excused himself from the Boardroom for the day at 12:18 p.m.***

NEW BUSINESS/OLD BUSINESS

- August 14th, 2019 Policy Committee meeting recap
 - Phone stipend, travel expenses and future service providers were discussed.
 - Trustee Orzech requested the 2018-19 Travel Budget

ADJOURNMENT

Jeffrey Pegg moved to adjourn meeting #3243; Dean Pincheck supported.

Chairperson Gnatek adjourned the meeting at 12:27 p.m. The Board's next meeting is scheduled for **Thursday, September 5th, 2019**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, appearing to read 'Kelly Tapper', written in dark ink.

Kelly Tapper, Assistant Executive Director